

Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 EUR-12 EA-10 NEA-10 IO-13 ISO-00
AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03
H-01 INR-10 INT-05 L-03 LAB-04 NSAE-00 NSC-05
PA-01 CTME-00 AID-05 SS-15 STR-07 ITC-01 TRSE-00
USIA-06 SP-02 SOE-02 OMB-01 DOE-11 /147 W
-----115476 151343Z /50

R 141457Z MAR 78
FM AMEMBASSY STOCKHOLM
TO SECSTATE WASHDC 3288
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY BUENOS AIRES
AMEMBASSY LONDON
USMISSION GENEVA
AMEMBASSY MEXICO
AMEMBASSY NEW DELHI
AMEMBASSY SEOUL
AMEMBASSY OTTAWA
AMEMBASSY TAIPEI
AMEMBASSY TOKYO
AMEMBASSY PARIS

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USOECD

USEEC

E.O. 11652: CX/A
TAGS: ETRD, SW
SUBJECT: TESTIMONY FOR HEARING ON "BUY AMERICA" BILL

REF: STATE 61254

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1. THE SWEDISH GOVERNMENT AUDIT BUREAU ESTIMATED NATIONAL GOVERNMENT PROCUREMENT IN 1977 FROM ALL SOURCES, INCLUDING DOMESTIC SUPPLIERS, AT APPROXIMATELY 15 BILLION KRONOR, EQUIVALENT TO 3,212 MILLION DOLLARS AT CURRENT RATE OF EX-CHANGE (\$1.00 EQUAL TO SKR 4.67). THIS FIGURE ALSO INCLUDED THE COST OF VARIOUS CONSULTANT AND OTHER SERVICES, AS WELL AS THE COST OF BUILDING AND CONSTRUCTION. OF TOTAL

NATIONAL GOVERNMENT PROCUREMENT, SWEDISH SUPPLIERS ACCOUNTED FOR ABOUT 2,484 MILLION DOLLARS, EQUIVALENT TO 77 PERCENT. THE US WAS A MAJOR FOREIGN SUPPLIER, ACCOUNTING FOR GOODS AND SERVICES VALUED IN 1977 AT APPROXIMATELY 200/MILLION DOLLARS. THE PRINCIPAL PRODUCT CATEGORIES PURCHASED FROM THE US INCLUDED NON-ELECTRICAL MACHINERY AND APPLIANCES (125.2 MILLION DOLLARS), ELECTRICAL MACHINERY AND ACCESSORIES (9.6 MILLION), PROFESSIONAL AND SCIENTIFIC INSTRUMENTS AND APPARATUS (8.7 MILLION), TEXTILES AND CLOTHING (4.8 MILLION).

2. COMMENT: THE ESTIMATES OF PARA 1 ARE INDEED ROUGH. THE AUDIT BUREAU OFFICIAL DREW FROM A 1968 STUDY, WHICH HE SAID WAS THE MOST RECENT DATA, AND DOUBLED THE SUMS.

3. THE GOS PURCHASING RATIONAL WAS DESCRIBED AS FOLLOWS. PROCEDURES FOR NATIONAL GOVERNMENT PROCUREMENT OF COMMODITIES AND SERVICES ARE REGULATED IN SWEDEN BY LEGISLATIVE ENACTMENT (ROYAL DECREE NO. 600 OF MAY 25, 1973). THE RULES AND CRITERIA SET FORTH THEREIN ARE COMPLETELY NON-DISCRIMINATORY, MAKING NO DISTINCTION BETWEEN DOMESTIC AND FOREIGN SUPPLIERS OR CONTRACTORS BUT GIVING TO THE RESPONSIBLE NATIONAL GOVERNMENT AGENCY OR INSTITUTION WIDE POWERS LIMITED OFFICIAL USE

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IN AWARDING CONTRACTS TO SUCH SUPPLIERS OR CONTRACTORS. AS A GENERAL RULE, PROCUREMENT IS MADE ON THE BASIS OF COMPETITIVE BIDDING AND, ACCORDING TO EXISTING DIRECTIVES, PURELY BUSINESS CONSIDERATIONS SHOULD CONSTITUTE THE BASIC CRITERIA FOR CHOICE OF SUPPLIER AND IN THE AWARDING OF CONTRACTS. PRICE IS NOT NECESSARILY A DECISIVE FACTOR, EQUAL IMPORTANCE BEING ATTACHED TO QUALITY, DELIVERY TIME, AND GENERAL REPUTATION AND INTEGRITY OF SUPPLIERS AND THEIR ABILITY OR WILLINGNESS TO MEET REQUIRED STANDARDS AND SPECIFICATIONS. THE BASIC AIM OF THE SWEDISH LEGISLATION IS REPORTEDLY TO PROMOTE FREE COMPETITION AMONG SUPPLIERS, WHETHER DOMESTIC OR FOREIGN.

4. WERE THE US LEGISLATION TO CHANGE, INCREASING THE MARGIN OF PREFERENCE FOR US SUPPLIERS, THE GOS WOULD PROBABLY NOT HAVE TO RETALIATE VIA LEGISLATION, BUT COULD, PRESUMABLY, ADJUST ITS PRACTICES OF AWARDING BIDS. IT MIGHT, ALSO, NEVERTHELESS, CHANGE ITS REGULATIONS. LEGISLATION SO GROSSLY FAVORING US SUPPLIERS AS DESCRIBED IN REFTEL WOULD CERTAINLY INFLUENCE THE GOS, AND MOST LIKELY REDUCE GOS PROCUREMENT.

MENT FROM US SOURCES WHERE SUITABLE ALTERNATIVE
SUPPLIERS COULD BE FOUND--JAPAN, AND WEST GERMANY, FOR
EXAMPLE, IN THE AREA OF MACHINERY AND APPLIANCES.
PERRY

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: US CONGRESSIONAL HEARINGS, AMENDMENTS, BUY AMERICAN, LEGISLATIVE BILLS
Control Number: n/a
Copy: SINGLE
Draft Date: 14 mar 1978
Decapton Date: 01 jan 1960
Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STOCKH01039
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780115-0276
Format: TEL
From: STOCKHOLM USOEC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780369/aaaacgis.tel
Line Count: 120
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 48036ec7-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 STATE 61254
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3332303
Secure: OPEN
Status: NATIVE
Subject: TESTIMONY FOR HEARING ON "BUY AMERICA" BILL
TAGS: ETRD, SW
To: STATE
Type: TE
vdkgvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/48036ec7-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014